

Message Text

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ORIGIN XMB-07

INFO OCT-01 NEA-10 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 /084 R

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DRAFTED BY: J. E. CORETTE, III, GEN. COUNSEL

APPROVED BY: EB/ OCA/ REP: LAKLIEFORTH

DON BOSTWICK, EXECUTIVE VICE PRESIDENT

NEA/ IRN: JHROUSE

EB/ IFD/ ODF: EMLINTON

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R 232248 Z MAY 73

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

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E. O.: 11652 N/ A

TAGS: EFIN, IR

REF: STATE 101345

SUBJ: SUPPLIERS CREDIT ACCELERATION CLAUSES

1. AFTER CAREFUL CONSIDERATION OF NECESSITY FOR ACCELERATION CLAUSE IN SUPPLIER CREDITS GUARANTEED OR INSURED BY EXIM, A REVIEW OF EXIM PRACTICES IN THIS REGARD IN IRAN AND OTHER COUNTRIES AND INVESTIGATION OF PRACTICES OF OTHER LENDERS TO IRAN EXIM HAS CONCLUDED THAT TI CANNOT ACCEDE TO THE REQUEST THAT IT WAIVE ITS REQUIREMENTS OF RIGHT TO ACCELERATE.

2. EXIM STANDARD FORMS REQUIRE ACCELERATION PROVISIONS IN EVERY COUNTRY IN WHICH EXIM DOES BUSINESS. THIS IS NORMAL PRUDENT BANKING PRACTICE GENERALLY FOLLOWED BY ALL LENDERS. IF THIS REQUIREMENT IS WAIVED IN IRAN THERE IS NO REASON WHY IT WOULD NOT BE WAIVED IN EVERY OTHER

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COUNTRY, WHICH, FROM EXIM POINT OF VIEW, WOULD RESULT IN AN INTOLERABLE SITUATION.

3. EXIM CHAIRMAN KEARNS HAS DISCUSSED ACCELERATION CLAUSES WITH JAHANGIR AMUZEGAR AND ADVISED HIM THAT EXIM WILL NOT WAIVE REQUIREMENT FOR ACCELERATION CLAUSE FOR REASONS STATED HEREIN.

4. EXIM NORMALLY DOES NOT RECEIVE COPIES OF PROMISSORY NOTES WHICH IT GUARANTEES OR INSURES. THERE ARE UNDOUBTEDLY TRANSACTIONS IN WHICH WE HAVE UNKNOWNLY COVERED NOTES WHICH WERE NOT IN OUR REQUIRED FORM. IF DEFAULT OCCURRED FAILURE OF NOTE TO MEET REQUIREMENTS WOULD RELIEVE EXIM OF LIABILITY.

5. IN EXCEPTIONAL CASES EXIM MAY HAVE WAIVED ACCELERATION REQUIREMENTS BECAUSE OF CIRCUMSTANCES OF THE PARTICULAR TRANSACTION. WE DO NOT CONSIDER THIS PRECEDENT FOR ACROSS- THE- BOARD WAIVER.

6. WE UNDERSTAND IRANIAN GOVERNMENT NORMALLY ACCEPTS ACCELERATION PROVISIONS IN LOANS FROM COMMERCIAL BANKS AND OTHER LENDERS. IT HAS ALWAYS ACCEPTED ACCELERATION REQUIREMENTS IN EXIM DIRECT LOANS AND WE UNDERSTAND, IS WILLING TO CONTINUE.

7. REPLY WAS NOT MADE TO MINISTER MAJIDI' S LETTER OF FEBRUARY 24 BECAUSE MCDONNELL AND JOHNSON, WHO DISCUSSED THIS PROBLEM WITH DR. AGAH, DEPUTY MINISTER OF FINANCE, AND WITH NIKAIN AND OTHER FORMER PLAN ORGANIZATION PERSONNEL NOW HANDLING EXIM FINANCING IN FINANCE MINISTRY, UNDERSTOOD THAT MINISTER MAJIDI WAS NOT HANDLING THIS MATTER. IT WAS UNDERSTOOD THAT OUR ANSWER WOULD BE MADE TO DR. AGAH AND THAT NO ANSWER WOULD BE EXPECTED PENDING THE OUTCOME OF A FURTHER CONSIDERATION OF THE MATTER.

8. WE ARE DRAFTING REPLY WHICH WE WILL SEND TO DR. AGAH WITH COPY TO YOU.
RUSH

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*** Current Classification *** LIMITED OFFICIAL USE

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